

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 94-433-C

O R D E R

On May 31, 1996, in Case No. 94-433, the Commission approved certain rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided by tariff for their further adjustment on a quarterly basis in accordance with its approved gas cost adjustment ("GCA") clause.

On February 27, 1997, Bluegrass filed its quarterly GCA filing to be effective April 1, 1997, and to remain in effect until July 1, 1997.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Bluegrass's notice of February 27, 1997 proposed revised rates designed to pass on to its customers its expected wholesale decrease in gas costs. Bluegrass's proposed expected gas cost ("EGC") is \$3.8542 per Mcf.
2. Bluegrass's notice of February 27, 1997 set out no current quarter refund adjustment.
3. Bluegrass's notice of February 27, 1997 set out a current quarter actual adjustment ("AA") of 53.23 cents per Mcf to recoup undercollections of October, November, and December 1996 gas cost from its customers. The total AA of 55.08 cents per Mcf includes the current as well as the previous quarter AAs.

4. Bluegrass's gas cost recovery rate ("GCR") is \$4.4050 per Mcf, 1.78 cents per Mcf less than the previously authorized rate.

5. Bluegrass's adjustment in rates contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after April 1, 1997.

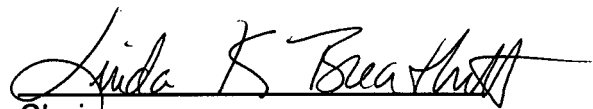
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are effective for service rendered on and after April 1, 1997.

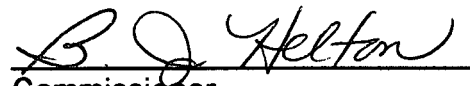
2. Within 30 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of April, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-433-C DATED APRIL 1, 1997

The following rates and charges are prescribed for the customers served by Bluegrass Gas Sales, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	3.1203	4.4050	7.5253